

## SANTEE COOPER'S RELATIONSHIP WITH CENTRAL ELECTRIC POWER COOPERATIVE, INC.

### BACKGROUND

U.S. Senator James F. Byrnes convinced President Roosevelt to provide the funding for something that would help pull a South Carolina out of an economic calamity. Senator Byrnes persuaded the president that lighting up and energizing the rural areas of the state, where 93 percent of the people were with electricity, could accomplish economic recovery. The means for doing that was to create the power-producing state utility that came to be known as Santee Cooper.

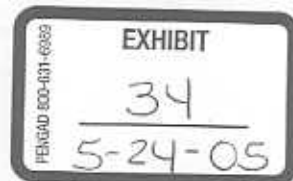
\* \* \*

Since its beginning, no South Carolina tax-generated revenues have ever been appropriated by the General Assembly for the design, construction, operation or maintenance of the Santee Cooper system. By law, the state of South Carolina is never to be financially obligated by Santee Cooper. Santee Cooper has met the needs of the people it serves, expanded its electric generating capability, increased its services, and through the electric cooperatives, brought affordable power to the rural areas of South Carolina.

"History of Santee Cooper" from [www.santeecooper.com/aboutus/history.html](http://www.santeecooper.com/aboutus/history.html).

Central Electric Power Cooperative, Inc. (Central) is a generation and transmission cooperative which purchases wholesale power from Santee Cooper under a Power System Coordination and Integration Agreement, and furnishes it to its member distribution electric cooperatives. Central purchases approximately 50% of Santee Cooper's generation, making it Santee Cooper's largest customer. Santee Cooper generation accounts for approximately 85% of the generation purchased by the electric cooperatives. Under their agreement, Central would share 50-50 in the proceeds from the sale of certain properties of Santee Cooper.

In his Forward to the Credit Suisse First Boston Study dated May 5, 2005, Director Keith Munson noted "[a]nother issue worthy of consideration in this deliberative process is the relationship among Santee Cooper, the electric cooperatives and ultimate users of Santee Cooper electricity in South Carolina." Mr. Munson stated that Santee Cooper charges Central 4.5¢ per Kwh for electricity. Central then resells the electricity to individual electric cooperatives who then resell it to residential customers of the individual co-ops (cooperatives would tell you they have member-owners, not customers, because they are owned by their electric users). Mr. Munson states, "[t]he mark up by the time the electricity reached the residential customer was approximately 3.5¢ (to 8¢)." Mr. Munson then discusses how the electric cooperatives could reduce the electric bills of their customers by 12.5% for the next 18 years. It is unclear what Mr. Munson considers the markup to include or how he reached his conclusion that the electric cooperatives could decrease their revenues by 25%. Electric cooperatives are non-profit entities. They have 68,000 miles of transmission and distribution lines in this State. Electric



cooperatives serve about 9 consumers per mile of line. Progress Energy has about 17.5; Duke, 23; and SCE&G, 27. Source: <http://www.ecsc.org/scstory.htm#consumer>.

Beginning last summer, Santee Cooper and Central began meeting to discuss ways "to enhance and improve [their] investment toward improving [their] value to South Carolina." It appeared that the relationship between Santee Cooper and Central had been improved by their joint efforts; however, the co-ops apparently heard rumors regarding the privatization or valuation study last fall and Lonnie Carter, Santee Cooper's President and CEO, believed that it hurt their relationship not to be able to discuss the study with Central since he thought they could not argue with a study to look at the value of Santee Cooper. Emails regarding FOIA request, 11/10/04 10:26 a.m., 11/10/04 9:34 p.m., 11/11/04 5:49 p.m. and 11/11/04, 7:11 p.m.



**T. Graham Edwards**  
Chairman  
Board of Directors

One Riverwood Drive  
Moncks Corner, SC 29461-2901  
(843) 761-4021  
Fax: (843) 761-7037  
P.O. Box 2946101  
Moncks Corner, SC 29461-6101

November 24, 2003

The Honorable Mark Sanford  
Governor's Office  
South Carolina State House  
Post Office Box 11829  
Columbia, South Carolina 29211

Dear Governor,

After approximately four months of deliberation relating to Santee Cooper's payment to the state, the enclosed board resolution was adopted by the Board of Directors today. As seen from the resolution, a majority of the Board feels that an increase in the cash payment to the state is not the best means to provide additional value from Santee Cooper. This opinion is strongly shared by the electric cooperatives and our largest industrial customers, and is based on the concerns I expressed to you in my letter of November 19, 2003, and information from representatives of Goldman Sachs and Lehman Brothers. I would appreciate your review of my previous correspondence in conjunction with reading the board resolution.

After you have had an opportunity to review the resolution, I would ask for your support with moving forward and implementing this plan. I would appreciate your support being communicated to my fellow board members, which will provide much needed consensus on this issue.

Please call at your convenience when you would like to discuss this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read 'T. Graham Edwards'.

T. Graham Edwards

TGE:pmg.

Enclosure

November 24, 2003

Adopted ☒

Rejected ☐

Postponed ☐

## RESOLUTION

WHEREAS, the South Carolina Public Service Authority (Santee Cooper) is a body corporate and politic created by Act of the South Carolina General Assembly in 1934 codified in S.C. Code Ann. §58-31-10 et seq., as amended; and

WHEREAS, Santee Cooper is authorized thereby to generate, transmit and distribute electricity and to treat and sell potable water at wholesale; and

WHEREAS, Santee Cooper is as a matter of law a self-sustaining, self-liquidating entity which does not derive appropriations from the State of South Carolina for its operations; and

WHEREAS, Santee Cooper finances its operations from revenues from the sale of electricity and water and from the issuance of indebtedness consisting of bonds and notes guaranteed by a pledge of Santee Cooper's revenues; and

WHEREAS, pursuant to S.C. Code Ann. §58-31-110, Santee Cooper's Board of Directors is authorized to pay over semi-annually to the State Treasurer "... any and all net earnings thereof not necessary or desirable for the prudent conduct and operation of its business ..."; and

WHEREAS, Santee Cooper's Board of Directors has complied with the provisions of the above referenced statute, specifically determining each year since 1989 that one (1%) percent of its gross operating revenues is a lawful and appropriate payment to the State of South Carolina; and

WHEREAS, based on Santee Cooper's payment to the state policy and practice, the financial community has purchased Santee Cooper's indebtedness and with other considerations rated Santee Cooper's bonds Aa2 by Moody's, AA by Fitch and AA- by Standard and Poor's respectively; and

WHEREAS, in recent years the state government of South Carolina has experienced substantial budget difficulties and multi-million dollar revenue shortfalls; and

WHEREAS, the Board of Directors of Santee Cooper, being mindful that the people of South Carolina are one of Santee Cooper's constituent groups, has determined that Santee Cooper should appropriately provide resources and expertise to aid state government; and

WHEREAS, in executing its discretion and judgment to provide assistance, by way of resources and expertise, to the State of South Carolina, the Board of Directors specifically and expressly confirms and affirms the standing policy and practice of paying over to the State of South Carolina one (1%) percent of its gross operating revenues pursuant to S.C. Code Ann. §58-31-110 and declares the actions and authorizations hereunder to be separate and supplemental thereto; and

WHEREAS, one of the most critical and pressing economic development needs in South Carolina relates to the rural areas of the state; and

WHEREAS, Santee Cooper can and should add additional value to the State of South Carolina by establishing, in conjunction with the South Carolina Department of Commerce, a "Rural Economic Development Fund" to assist economic development initiatives in the rural areas of South Carolina through incentives, land acquisition, infrastructure funding, loans and related assistance; and

WHEREAS, the Board of Directors finds it to be appropriate that Santee Cooper pay over to the fund an initial sum of \$5,000,000.00 in 2004, with an additional payment into the Fund of \$5,000,000.00 in 2005; and

WHEREAS, advertising and marketing initiatives in South Carolina have proven over the years to be very effective in promoting economic development in South Carolina; and

WHEREAS, Santee Cooper can and should add additional value to the State of South Carolina by establishing, in conjunction with the South Carolina Department of Parks, Recreation and Tourism, an "Advertising and Marketing Fund" to assist in advertising and marketing initiatives in South Carolina; and

WHEREAS, the Board of Directors finds it to be appropriate that Santee Cooper pay over to the Fund an initial sum of \$1,000,000.00 in 2004, with an additional payment into the Fund of \$1,000,000.00 in each of the next two (2) years; and

WHEREAS, Santee Cooper can and should add additional value to the State of South Carolina by establishing a program that encourages entrepreneurship in various parts of the State of South Carolina, with particular emphasis being placed in distressed counties and creating an "Entrepreneurship Fund".

NOW THEREFORE, BE IT RESOLVED that upon approval of the President and Chief Executive Officer, the Treasurer of Santee Cooper is authorized to arrange for the payment and to pay over to an account or accounts maintained by Santee Cooper an initial sum of \$5,000,000.00 in 2004, with an additional payment of \$5,000,000.00 in 2005 to be used in establishing a Rural Economic Development Fund according to such



rules of governance, administration and disbursement as are established between Santee Cooper and the Department of Commerce; and

BE IT FURTHER RESOLVED that upon approval of the President and Chief Executive Officer, the Treasurer is authorized to arrange for the payment and to pay over to an account or accounts maintained by Santee Cooper an initial sum of \$1,000,000.00 to be used in establishing an Advertising and Marketing Fund according to such rules of governance, administration and disbursement as are established between Santee Cooper and the Department of Parks, Recreation and Tourism, with an additional payment to the fund of \$1,000,000.00 each over the next two (2) years; and

BE IT FURTHER RESOLVED that upon approval of the President and Chief Executive Officer, the Treasurer of Santee Cooper is authorized to arrange for the payment and to pay over to an account or accounts maintained by Santee Cooper an initial sum of \$100,000.00 to be used in establishing an Entrepreneurship Fund according to such rules of governance, administration and disbursement as are established by Santee Cooper.

From: <guerry@screentight.com>  
To: "John Tiencken" <JHTIENCK@santeecooper.com>  
Date: Wed, Nov 12, 2003 10:02 PM  
Subject: Re: RE: Bond Rating for Santee Cooper

> John, Hope all is well. I sent an email Monday night and not sure if you received. My question was, did we modify agreement to allow selected sharing of other income? Does our agreement specify what other income is shared or is it a verbal agreement? How bout timber sales income? Can I see the portion of Central's agreement that addresses these specific issues? Also, I would like to see any resolutions that might be presented to the board prior to the meeting. Also, what is the procedure to propose a resolution? Sorry to throw so much on you. I appreciate your attention and look forward to hearing from you.

Guerry

> From: "John Tiencken" <JHTIENCK@santeecooper.com>  
> Date: 2003/11/10 Mon PM 04:27:06 CST  
> To: <guerry@screentight.com>  
> CC: "Graham Edwards" <TGEDWARD@santeecooper.com>  
> Subject: Re: RE: Bond Rating for Santee Cooper

> Hi Guerry—Central shares in all income—unless we have an agreement to the contrary. The two current exceptions to the inclusion of all income into the cost of service calculation are as follows: 1. On the lease lot sales program, Central agreed to waive its portion of the money it would have received credit for so that the money could be placed into the debt reduction fund and reduce the amount of debt on the system. 2. On the mark to market for our investments, Central has agreed with us that to change the revenue figures on a valuation when the bond has not yet matured makes no sense. To do so would not recognize the real income which Santee Cooper will receive when the bond reaches maturity and would cause accounting difficulties. So we have agreed not to do this until maturity. In both of these instances, we obtained Central's agreement and of course that is what we are attempting to do with the sale of the surplus real estate. Please let me know if you need other information. Best regards, John

> >>> <guerry@screentight.com> 11/09/03 09:34PM >>>

> > John, Thanks for your reply. Does Central specifically share in lease lot income and other non cash entries such as the change in

> the fair market value of our short term investments? Thanks,  
> Guerry

> > From: "John Tiencken" <jhtienck@santeecooper.com>

> > Date: 2003/11/09 Sun AM 08:31:15 CST

> > To: <guerry@screentight.com>

> > Subject: Re: RE: Bond Rating for Santee Cooper

> >

> > Hi Guerry—Thanks for your note. Let me answer a few of the  
> points. First on Central—they do share in all of the sales ( except of

> course in the distribution area ) and in all other income or savings.

> Elaine is checking with the auditors to see if there is any way to

> work around this, but I am not aware of anyway through the  
> contract---this may take some accounting creativity.. But I have  
> said and I do believe that we have to be careful not to create an  
> impression that we are trying not to pay Central what they are  
> entitled to under the contract. As you know, anytime you have a  
> customer who takes more than half of your product, that  
customer

> has to be treated right. We should do what is appropriate.

> > I appreciate your thoughts on controlling costs. On the  
> contributions budget, much of the \$ spent in that budget are  
> controlled by the board , so if we were to cut that budget  
> significantly, I would want the board' input on it.

> > I would like to talk with you about some of the other issues  
> you have mentioned. I hope you have enjoyed Arizona---best  
> regards, John

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## FAX TRANSMISSION

**Santee Cooper**  
P. O. Box 2946101  
Moncks Corner, SC 29461-6101  
(843) 761-7024  
Fax: (843) 761-7037  
Email: [sbgillia@santeecooper.com](mailto:sbgillia@santeecooper.com)

**To:** T. Graham Edwards  
Patrick T. Allen  
Paul G. Campbell, Jr.  
Richard H. Coen  
Clarence Davis  
Vernie E. Dove, Sr.  
G. Dial Dubose  
Guerry E. Green  
J. Calhoun Land, IV  
Keith D. Munson  
James W. Sanders, Sr.

**Date:** July 7, 2004

**From:** Lonnie N. Carter, President & CEO

**Page(s):** 10, including this cover sheet

**Subject:** July 12<sup>th</sup> Meeting

Gentlemen:

Our meeting with Central to discuss ways to enhance and improve our investment toward improving our value to South Carolina is scheduled for Monday July 12th at 10:00 a.m. in Central's office in Columbia. Attached is a note from Ron Calcaterra providing some feedback on what Central would like to accomplish at this first meeting. I will cover items 1 through 3 in Ron's note. Then with the help of Steve Ferencie, our facilitator, we will work on the agenda in my attached note to Ron and Steve. My note to Ron and Steve has the attendees listed. I believe these notes with the attachments will give you the necessary background for the meeting.

I am also sending this note to the remainder of our Board for information. I will call the participating Board Members to discuss the meeting with you. If anyone has any questions, please let me know.

Thanks

Lonnie

Attachments

From: Ron Calcaterra <RCALCATERRA@CEPCI.ORG>  
To: "Lonnie Carter (E-mail)" <lnccarter@santecooper.com>  
Date: 7/7/04 12:09PM  
Subject: July 12th meeting

Lonnie,

My conference call with my Executive Committee just ended. I have several suggestions for the upcoming meeting and a proposed agenda. Before I begin, let me share with you the feeling of my Executive Committee. They are concerned and need a much better understanding of what SCPSA wants to do. They need to understand the meaning of certain terms, as well. They also do not feel comfortable about agreeing to anything that could have such a major impact without going back to the full Board.

They also questioned the need for a facilitator and all Sr. staff at the first meeting. I will have suggestions on these matters as well, since they simply seek a better understanding of Santee Cooper's goals and objectives.

My suggestion for the agenda for the first meeting is as follows:

July 12th Meeting Proposed Agenda

- 1) Santee Cooper presentation of objectives and principles
- 2) Explanation of what does "improving SC for the benefit of Santee Cooper stakeholders" mean and definition of terms.
- 3) How does Santee Cooper plan to measure success or failure
- 4) Determine ground rules
  - governance
  - schedule
  - communications
  - definition of authority to act

If time permits the following 2 items

- 5) Central presentation of objectives and principles
- 6) Development of a joint set of objectives and principles

Regardless of getting to items 5 & 6

- 7) take information / proposals back to Boards for approval

As far as Steve, I would suggest that he attend, but more in the role of listener and to document the meeting so he can get a better understanding of both parties view and facilitate later meetings as necessary.

With regard to Sr. staff, since I am not expecting to go beyond the explanation part, I suggest limiting Sr. staff to John West and Art Fusco. Also I do not see a need to invite Ralph Thomas to this first meeting for the same reasons.

My Executive Committee wishes to submit the following Cooperative Goals and Principles. Lonnie, please consider these as draft Goals and Principles since they have not been approved by my full Board.

The following draft Goals and Principles are being provided for use in the

Santee Cooper / Central meeting on "bringing more value to the State":

Cooperative Goal -

To bring maximum value to the end-use members/owners.

Cooperative principles with regard to Santee Cooper's commitment toward improving South Carolina.

- 1 to deliver electric energy to the end-use consumer at the lowest cost possible, consistent with sound business practices
- 2 to protect the investment the end-use Members have made in both the distribution and bulk power systems
- 3 to protect and improve Santee Cooper's economic advantages to the cooperatives
- 4 to maintain the financial integrity of the cooperatives
- 5 to maintain and/or improve system reliability and service to levels consistent with the desires of the end-use members
- 6 allow either parties (without impact to the other party) to proceed with alternatives not jointly adopted
- 7 impact of efforts must be measurable.

Lonnie, I know there is a lot here. I strongly suggest you call me so we can go over this E-mail in detail.

We can talk as well about getting this information out to both sides so they can have a day or so review it before the meeting.

Thanks, Ron

CC:

Ron Calcaterra <RCALCATERRA@CEPCI.ORG>

From: Lonnie Carter  
To: Ferencie, Steven  
Date: 7/6/04 5:25PM  
Subject: Re: IBM Facilitation

Steve,

The first session is on Monday July 12th at 10:00 am in Central's offices in Columbia. I suggest that we meet with Ron about 9:00 am to get ready with anything we haven't already covered.

The purpose of our conference call on Thursday July 8th is to develop the agenda for Monday's meeting. I checked with Ron and he is available from 8 to 9 on Thursday morning. Let me know where to call you.

Steve, attached is a copy of my letter to Ron proposing this project. Ron is preparing a note after a conference call with his Executive Committee regarding their participation. This should give you some idea of the principles and desires of each party.

Santee Cooper members participating will be:

Graham Edwards	Chairman of Board
Pat Allen	Director
Richard Coen	Director
Clarence Davis	Director
Keith Munson	Director
Lonnie Carter	President and CEO

I understand from Ron that Central's Executive Committee will be meeting with us. I believe their members participating are:

Bill Hart	Chairman of Board
Skip Strickland	Director
Gary Stooksbury	Director
Ken Frick	Director
Doug Reeves	Director
Edwin DeLoach	Director
Ron Calcaterra	President and CEO

Others attending from Santee Cooper for support and to answer questions if they arise are:

Bill McCall	Exec VP & COO
Elaine Peterson	Exec VP & CFO
John West	Exec VP & CLO
RM Singletary	Sr VP

I also expect that some of Ron's staff will also attend.

Also attached is a draft outline I prepared a few weeks ago on a process to complete this project. This is just a starting point. I am open to modification. You and Ron are free to modify or completely change as you see fit. The important part of what we do is coming to a common understanding of what we can do together.

Let me know if you have any questions. Look forward to working with you.

Lonnie

>>> Steven Ferencie <ferencie@us.ibm.com> 07/06/04 04:18PM >>>

Lonnie,

That's good to hear. I look forward to working with you, Ron and your respective teams on this project. My schedule is full Thursday afternoon and then I will be in New York Thursday evening and Friday with a client. I have some time Thursday from 8:00 - 9:00AM or at noon if those suit your schedules.

Do you still want to have the first session on Monday or is it your plan to move that date?

Steve Ferencie  
Partner, IBM Business Consulting Services  
Mobile Phone: 770-598-8787  
Office Phone: 404-921-5691; T/L 930-4229  
e-Mail: [ferencie@us.ibm.com](mailto:ferencie@us.ibm.com)  
Admin: Mark Matthews - 704-595-4629

"Lonnie Carter"  
<[LNCARTER@santeecooper.com](mailto:LNCARTER@santeecooper.com)>

07/06/2004 03:23 PM

To  
Steven Ferencie/Atlanta/IBM@IBMUS  
cc  
<[RCALCATERRA@CEPCI.ORG](mailto:RCALCATERRA@CEPCI.ORG)>, "Danny Wright"  
<[DLWRIGHT@santeecooper.com](mailto:DLWRIGHT@santeecooper.com)>, "Elaine Peterson"  
<[EGPETERS@santeecooper.com](mailto:EGPETERS@santeecooper.com)>

Subject  
Re: IBM Facilitation

Steve,

Just heard from Ron and he is in agrees to use you as our facilitator. We would like to have a conference call Thursday at 3:00 to discuss the first meeting. Let me know if this works for your schedule.

By copy of this note I am asking Danny Wright our Manager of Procurement to

make the necessary contractual arrangement for the engagement.

Look forward to working with you on this project.

Thanks  
Lonnie

>>> Steven Ferencie <[ferencie@us.ibm.com](mailto:ferencie@us.ibm.com)> 07/06/04 07:08AM >>>

Lonnie,

Have you heard from Ron regarding the proposed IBM board facilitation? You mentioned the 12th as a potential first session. If that's still the case, I will have to prepare for that session and work around other commitments this week. If I don't hear from you today I will give you a call this afternoon.

I hope you had an enjoyable holiday.

Thanks,  
Steve

Steve Ferencie  
Partner, IBM Business Consulting Services  
Mobile Phone: 770-598-8787  
Office Phone: 404-921-5691; T/L 930-4229  
e-Mail: [ferencie@us.ibm.com](mailto:ferencie@us.ibm.com)

Admin: Mark Matthews - 704-595-4629

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CC: "RCALCATERRA@CEPCI.ORG".SMTP.Santee Cooper; Gaskins, Pam; Gillians, Susie



## Proposed Process for Meetings With Central Cooperative to Discuss Value to State

### **First Meeting - July 12, 2004 at Central's office**

- (A) Establish ground rules for meetings and principles to be used by parties.
- (B) Develop common definition of "Value to State".
- (C) Time permitting, brainstorm list of potential ways to add Value to State.
- (D) Schedule subsequent meetings sufficient to complete project by September 30, 2004.

### **Second Meeting**

- (A) Continue to brainstorm list.
- (B) Discuss the pros and cons of suggested items.
- (C) Discuss and vote to determine top five or six suggestions.
- (D) Consider how each meets principles set forth.

### **Third Meeting**

- (A) Hear report from management regarding evaluation of suggestions.
- (B) Evaluate suggestions against principles.
- (C) Review and make recommendations for action by respective organization's management.

**Note:** May need additional time for brainstorming and evaluation. Between each meeting, the parties will report to their full Board on progress of the group and provide any necessary feedback to the group.

May 27, 2004

Mr. Ronald J. Calcaterra  
President and Chief Executive Officer  
Central Electric Power Cooperative, Inc.  
Post Office Box 1455  
Columbia, South Carolina 29202

Dear Ron:

As you know, Santee Cooper's mission and strategic plan have long called for Santee Cooper to be involved in improving the quality of life in South Carolina. This has taken different forms over the years, but has almost always included Central as an integral component. This year, with the full support of the Board of Directors, Santee Cooper is committed to continuing and enhancing significant concrete investments toward improving South Carolina for the benefit of all Santee Cooper stakeholders. We would like Central to continue to be an integral partner in developing and executing our joint ambitious plan for improving South Carolina.

We are at the early planning stage and want to have the benefit of Central's insight and creativity at every stage of the process. The only framework we have established, beyond our commitment, is our goal to adhere to the following general principles:

- > add long term value for all Santee Cooper stakeholders;
- > avoid increases on customer power costs;
- > protect Santee Cooper's financial credit rating; and
- > maintain system reliability and service.

I would like to meet with you to discuss how Santee Cooper and Central might work together to achieve these objectives. I suggest that we include Ralph Thomas at some point so we can have the benefit of his economic development insights and to discuss how PEDC might play a role. I would like to see us develop an agenda for a meeting of the Central-Santee Cooper Executive Committee to discuss these items in more detail. If you and the members agree, and if schedules permit, the Executive Committee could meet around the time of Santee Cooper's Board meeting to be held on Monday, June 28, 2004, in Central's offices. Based on our schedules, Santee Cooper members of the Executive Committee can meet after lunch following our Board meeting.

Mr. Ronald J. Calcaterra  
May 27, 2004  
Page Two

I will call you to talk about this and to set up a specific time for us to meet. I look forward to working with you and sharing your ideas.

Sincerely,

Lonnie N. Carter

LNC:sbg

From: Lonnie Carter  
To: Green, Guerry  
Date: 11/11/04 7:11PM  
Subject: Re: FOIA Request

Guerry,

I don't know who told the coops (Ron). I have asked Pat and Graham. They deny that they discussed it. I agree that it should not happen. It hurts the organization and makes it hard for me to maintain good relationships when they get things second hand and I can't discuss them. I don't like it. You are right it stirs the pot, we get distracted, often incorrectly discredited and lose trust.

thanks  
Lonnie

>>> Guerry Green <guerry@screentight.com> 11/11/04 06:35PM >>>  
Lonnie, Surely they know all about Grahams offer and the resulting study. Pat Allan and others have run to spread the word. Does confidential mean you can share all Santee Cooper information with the people directors represent? Is it ok for me to go straight to Georgetown county and hand over notes, emails, conversations and etc regarding confidential santee cooper business? Of course not. It is an issue that needs to be addressed. I am dissapointed that Graham has not addressed the subject. Once again the pot is stirred, we loose focus and mutual trust is squandered. Thanks, Guerry  
At 05:49 PM 11/11/2004 -0500, you wrote:

>Guerry,

>

>We always have to work for their trust. It just seems to be their  
>nature. They are always cautious. I think we were doing pretty good  
>with the "value to the state meetings." I still think we have a good  
>foundation to build on and get their support.

>

>I don't believe they know about the two studies last year. If they do,  
>no one has asked me about them. Somehow they have found out about the  
>more resent proposed work. Ron asked me point blank about it Tuesday  
>after the PEDC meeting. Of course, I could not and did not discuss it  
>with him. I did not even acknowledge a study. I believe it hurts us  
>not to be able to discuss it with them. I agree with you, I don't  
>believe they can argue with a study to improve Santee Cooper or look at  
>its value. I have discussed this with Keith and he has not been able to  
>get the Governor's Office to agree to let us discuss what is going on.  
>I think it can be presented in a positive way. I have also discussed it  
>yesterday with Marisa Crawford my contact and she is going to get back  
>with me.

>

>I have heard about but not seen the latest WPDE tv editorial. I  
>understand it is more "balanced."

>

>>> <guerry@screentight.com> 11/10/04 09:34PM >>>

>> Lonnie, Last email to you tonite. I promise. How can we gain  
>the trust of the co-ops? There seems to be a defensive posture on  
>any questions, discussion, actions or anything else pondered by  
>our board. Valueing Santee Cooper is the same thing that  
>management, Bobby Harrell and who knows else have  
>commissioned to be done in the last 12 or so months. They seem

>to get their backs up to the wall regardless of the issue. For  
>example, I cant figure out how lowering costs is something that  
>would raise the concerns of Central. Back to my opening  
>question. What can we do to lesson the tension and increase the  
>trust between Santee Cooper and Central? Also, did you see the  
>revised wpde editorial? Talk to you soon. Guerry

>> From: "Lonnie Carter" <[LNCARTER@santeecooper.com](mailto:LNCARTER@santeecooper.com)>  
>> Date: 2004/11/10 Wed AM 10:26:49 CST  
>> To: <[paul.campbell@alcoa.com](mailto:paul.campbell@alcoa.com)>, <[tgrahamedwards@aol.com](mailto:tgrahamedwards@aol.com)>,  
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>> Subject: FOIA Request  
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>>  
>> Gentlemen,  
>>  
>> Attached is a self-explanatory letter I received in this morning's  
>> mail. We will discuss this with you prior to the release of any  
>> writings covered by the request.  
>>  
>> Please call me if you have any questions in the meantime.  
>>  
>> Thank you,  
>>  
>>  
>> Lonnie  
>>  
>>  
>>  
>> \_\_\_\_\_  
>> Confidentiality Notice:  
>> This message is intended exclusively for the individual or entity  
>to which it is addressed. This communication may contain  
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